

## Message Text

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50

ACTION COME-00

INFO OCT-01 NEA-10 ADP-00 EB-11 XMB-07 TRSE-00 H-02

CIAE-00 INR-09 NSAE-00 RSC-01 AID-20 EUR-25 OPIC-12

RSR-01 /099 W

----- 049926

R 141144 Z MAR 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 7625

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E. O. 11652: N/ A

TAGS: ETRD, IS

SUBJECT: SUPPLY OF ELECTRIC GENERATING EQUIPMENT

DEPARTMENT PASS EXIM AND USDOC ( MPD).

REF: STATE 41269, TEL AVIV 1786

1. MINISTRY OF FINANCE ANALYSIS ON EVALUATED COST BASIS ESTABLISHES THAT COMBUSTION ENGINEERING BID FOR BOILERS FOR POWER PLANT IS ABOUT \$6.6 MILLION ABOVE CANADIAN BABCOCK WILCOX BID. DELIVERED PRICE IS STILL ABOUT \$3 MILLION HIGHER. IN ADDITION FUEL COSTS OVER LIFE OF EQUIPMENT ARE SOME \$3 MILLION HIGHER AND INITIAL INSTALLATION SOMEWHAT MORE EXPENSIVE. WHILE US CREDIT TERMS STILL SOMEWHAT MORE EXPENSIVE THAN CANADIAN, THIS FACTOR NOT NOW CRUCIAL BECAUSE PRICE DIFFERENCE SO LARGE.

2. MINISTRY OFFICIALS ARE DISPLAYING APPARENT DESIRE FAVOR US BIDDER BUT FEAR THEY CANNOT JUSTIFY PAYING PRICE SO MUCH HIGHER THAN COMPETITION' S. EMBASSY IS PRESSING ARGUMENT THAT HIGHER INITIAL PRICE AND FUEL COST JUSTIFIABLE IN VIEW COMBUSTION' S PROVEN SUPERIORITY IN POLLUTION CONTROL, AN INCREASINGLY IMPORTANT ASPECT HERE AS ENVIRONMENTALISTS GAIN STRENGTH.

3. NEVERTHELESS WE FEAR US BIDDER FACING TOUGH SLEDDING. IF COMBUSTION COULD MAKE SOME FURTHER PRICE CUT AND PROVIDE US  
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WITH HARD- HITTING MATERIAL ON ITS POLLUTION ARGUMENTS,  
CHANCES WOULD BE IMPROVED.

4. GENERAL ELECTRIC APPEARS TO BE STILL WELL IN RUNNING FOR  
GENERATORS AS ITS GOOD REPUTATION FOR QUALITY OUTWEIGHS LARGE  
PART OF MAJOR COST DIFFERENCE OVER GERMAN COMPETITORS. EMBASSY  
IS URGING MINISTRY OF FINANCE TO ASSURE THAT ISRAEL ELECTRIC  
COMPANY MEETS AGAIN WITH GE TO HEAR FINAL OFFER.

DECON 3/31/74.  
ZURHELLEN

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973TELAV01971  
**Document Source:** CORE  
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**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
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**Office:** ACTION COME  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** 73 STATE 41269  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 DEC 2001  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 971208  
**Subject:** SUPPLY OF ELECTRIC GENERATING EQUIPMENT  
**TAGS:** ETRD, IS  
**To:** COME  
**SECSTATE WASHDC**  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005